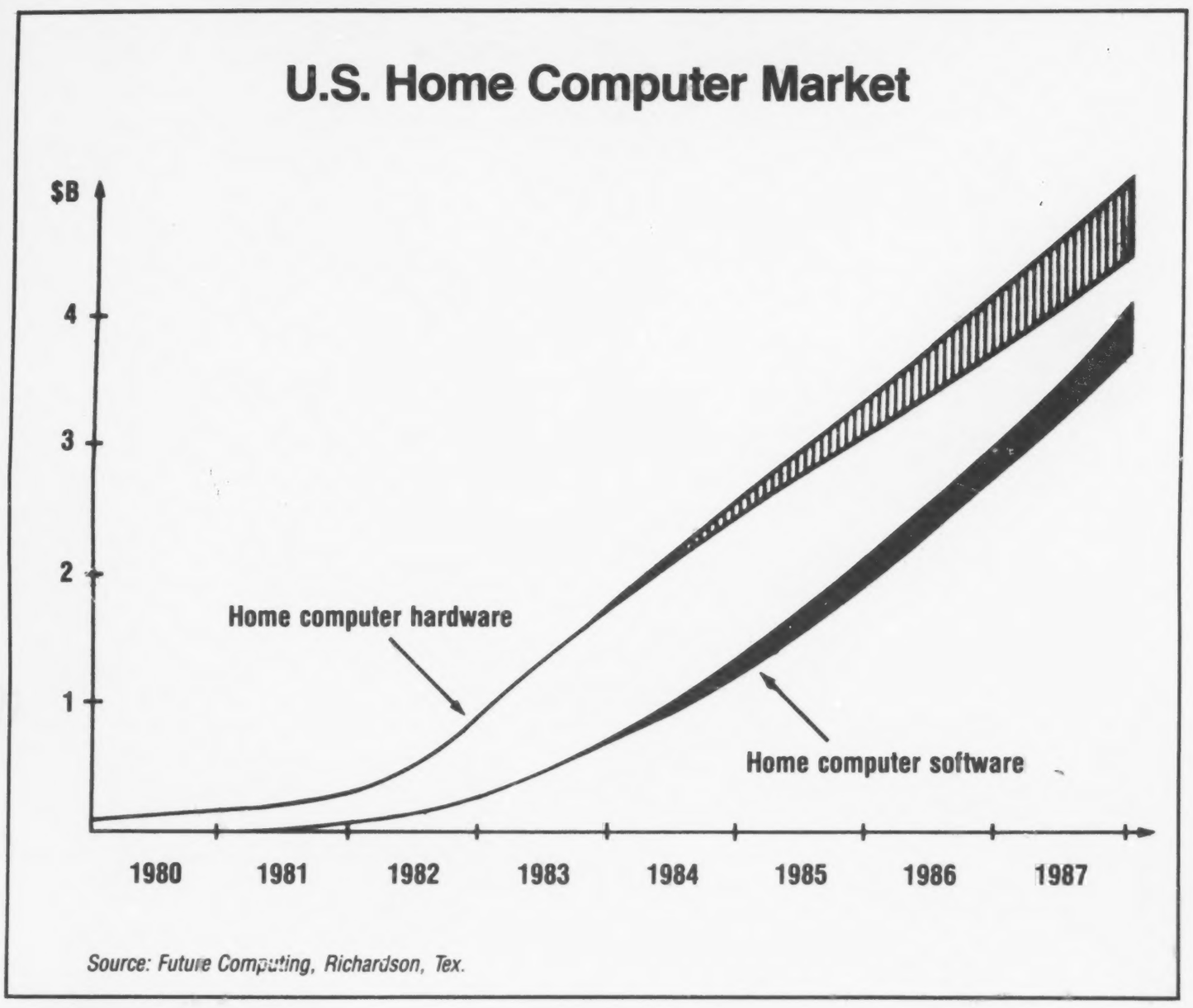
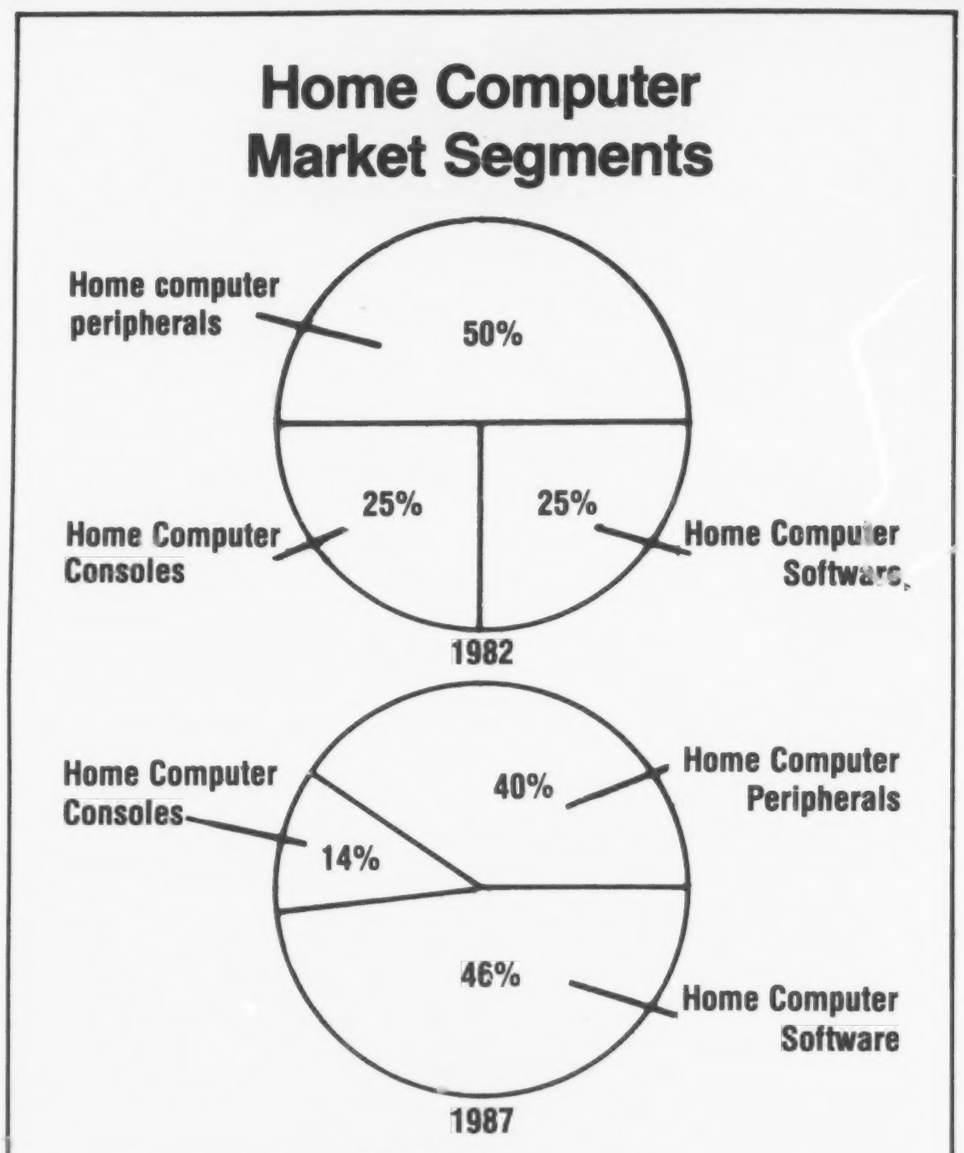
Skyrocketing Five-Year Growth Is Projected





Probable Hikes In State Taxes Worry Chains

By LAURA WODA

WASHINGTON—For the second straight year retailers are worried about an expected flood of tax hikes by states to raise badly needed revenues, a minipoll by *Discount Store News* discovered.

While state lawmakers talked a tough game last year, introducing a flurry of tax legislation, very few revenues increasing bills affecting discount chains actually became law. But, politicians fearful of raising taxes during an election year only delayed the day of reckoning to 1983.

Despite assurances from the Reagan Administration that economic recovery is right around the corner, many states find themselves in even deeper financial trouble today, than a year ago.

Since *DSN* spoke to Wisconsin legislative experts last year, the state's budget deficit has jumped from $1 billion to $2 ½ billion with no immediate relief in sight.

Problems Seen

Such crippling deficits coupled with victories throughout the country by liberal candidates have left many state retail associations apprehensive about the coming year.

Unlike last year many state legislatures are now controlled by Democrats who traditionally haven't been sympathetic to the problems facing retailers," Wisconsin Merchants Federation vice president Douglas Johnson told *DSN*.

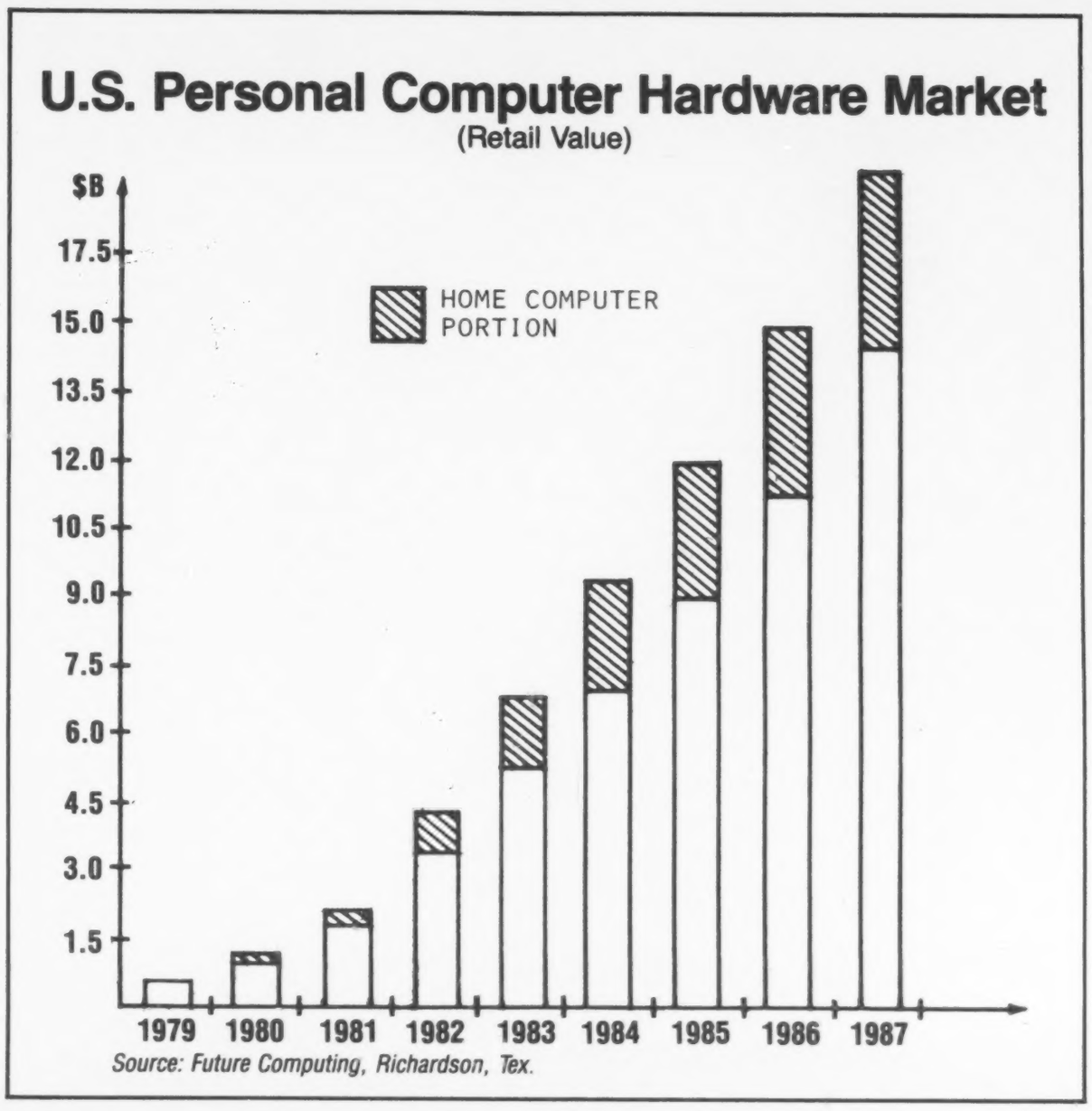
Illinois Retail Merchants Association government affairs vice president David Vite expressed similar sentiments, noting that the "new democratic majority in Illinois' legislature will make it tougher for business to hold its own during these financially tough times."

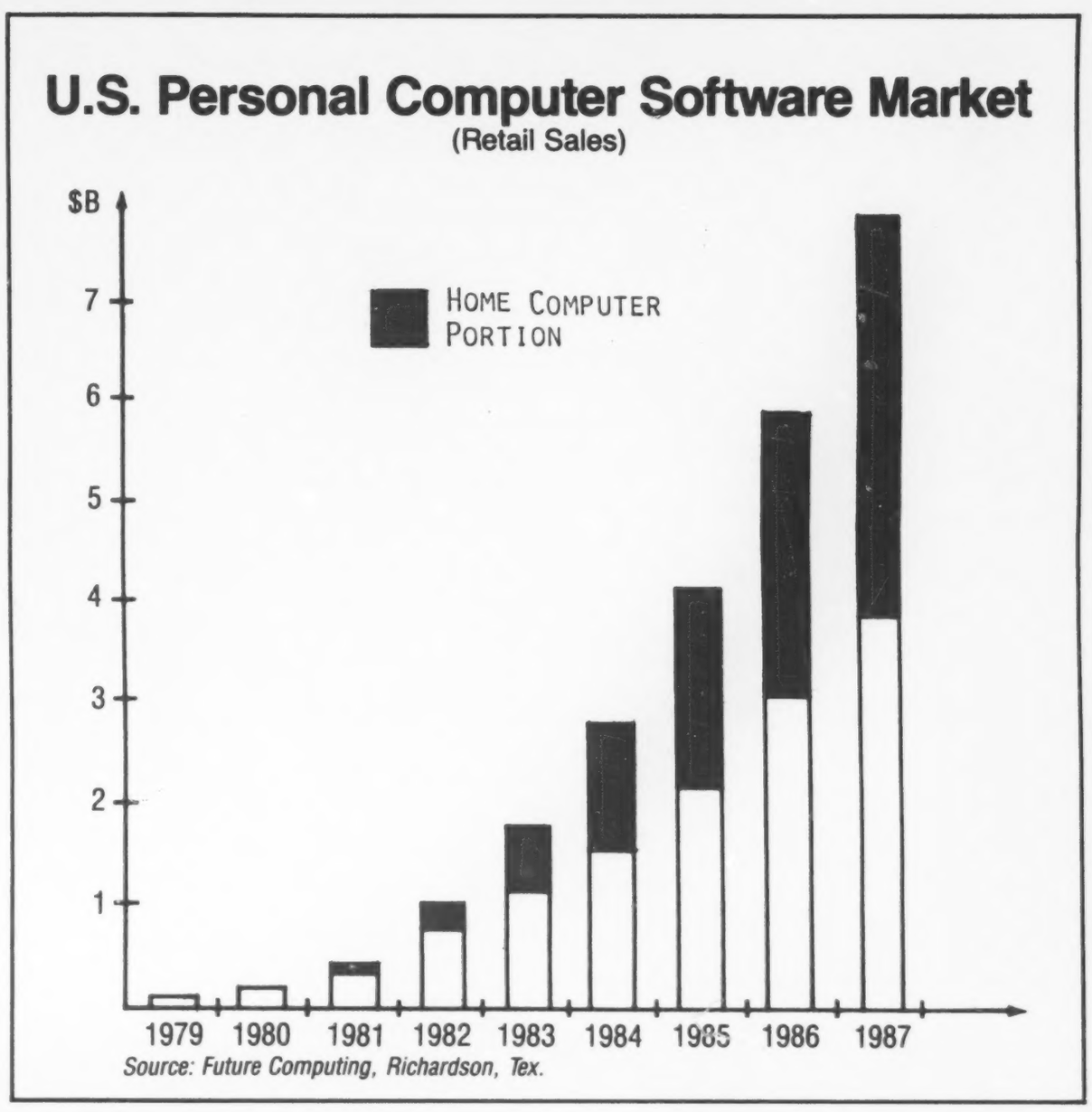
Revenue measures being considered by states across the country range from accelerating the sales tax collection rate from once a month to every week in Missouri, to reducing

(Continued on page 29)

OOO-LA-LA,

For Home- and Personal-Computer Business





they're fake.

These designer jeans may fit well.

They also may well be counterfeit.

Because today at least one source estimates that the market for stolen and counterfeit jeans, electronic goods, and a number of other products is almost as large as it is for the real things.

Which is a real shame.

These rip-off artists aren't just ripping off authentic designers and manufacturers. They're also short-changing the government on taxes. And swindling consumers. (After all, Sony won't fix a phony.)

Who are we to care so much about counterfeiting? We're Lebhar-Friedman, the largest publishers of magazines and newspapers directed to the retail community. In fact, the businesses to which our publications are addressed represent over 70% of the total distribution of goods and services in the U.S.

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State Taxes

(Continued from page 28)

the retailers' collection allowance from the present 1% to 0.8% in Indiana.

In addition, legislators are interested in finding ways to beef up their depleted unemployment compensation funds. Vite noted that "this year Illinois will have to pay $60 million in interest charges to the Federal Government to keep the state's unemployment compensation program afloat."

While it is too early to predict what changes might be made in the current unemployment compensation laws, Vite maintained that "employers in Illinois should expect to make larger contributions to the fund in the future."

Texas lawmakers have already proposed increasing employer contributions to that state's unemployment fund by a hefty 300%; currently employers pay a minimum of 1/10 of 1% on the first $7,000 of wages.

While Texas Retailers Association Executive vice president Michael Moore acknowledged that a bill increasing the amount of money a firm must contribute to the unemployment compensation fund will pass this session, he maintained that "our job is to keep the increase as equitable as possible."

Problems Anticipated

While state legislators will be primarly concerned with raising money, retail leaders expressed fears that other types of legislation opposed by the industry may be passed.

One battle that will be fought in at least New York, Indiana, and Texas centers on lowering interest charges on proprietary credit cards. In New York this issue will get high priority because the 1980 Omnibus Banking Law sunsets this year, state retail leaders told *DSN*.

Under that statute retail store credit card interest charges were deregulated and many consumers believe the time has come to set those charges at considerably lower rates than the present 18% average, New York State Council of Retail Merchants public relations director Estelle Yarinsky said.

(Continued on page 97)

TOYS

Discounters' Sales/Ft. Up, Markup Down

	1972	1975	1976	1977	1978	1979	1980	1981	1982	10-year change	5-year change	'82 vs. '81
Dept. Size (sq. ft.)	3,100	2,800	2,746	2,646	2,646	2,646	2,660	2,660	2,650	−14.5%	+ 0.15%	−0.37%
Annual Turns	4.8	4.5	3.8	3.8	3.7	3.7	3.8	3.6	3.4	−29.2%	−10.50%	−5.50%
Volume per sq. ft.	$92.00	$85.00	$111.60	$116.28	$120.50	$130.03	$141.00	$147.00	$154.00	+67.4%	+32.40%	+4.80%
Initial Markup (%)	33	32	34	34	33	33	36	35	33	NC	− 2.90%	−8.6%
Gross Margin (%)	28	29	29	29	28	26	29	28	26	− 7.1	−10.30	−7.10
Company Run (%)	88	94	96	96	96	96	96	96	NA	NA	NA	NA

NC—No Change. NA—Not Available. *Source: DSN research*

Ride-ons

(Continued from page 49)

area, the Prange Way spokesman said, "The big ones are Smurf and G.I. Joe."

Prange Way and lessee Biggs-Hardex reported no problem with stocking licensed ride-ons with a regular price in the area of $25; merchants from both companies said they moved when promoted.

Bob Hiteshew, vice president of Biggs-Hardex, said: "The dividing line seems to be $20 for the big and mini-wheel pedal ride-ons. We did very well with the G.I. Joe, Pac Man and Smurf licensed items. We expect G.I. Joe and Smurf to continue into 1983, and we're also going to be looking at the new ride-ons with the Shirt Tails characters."

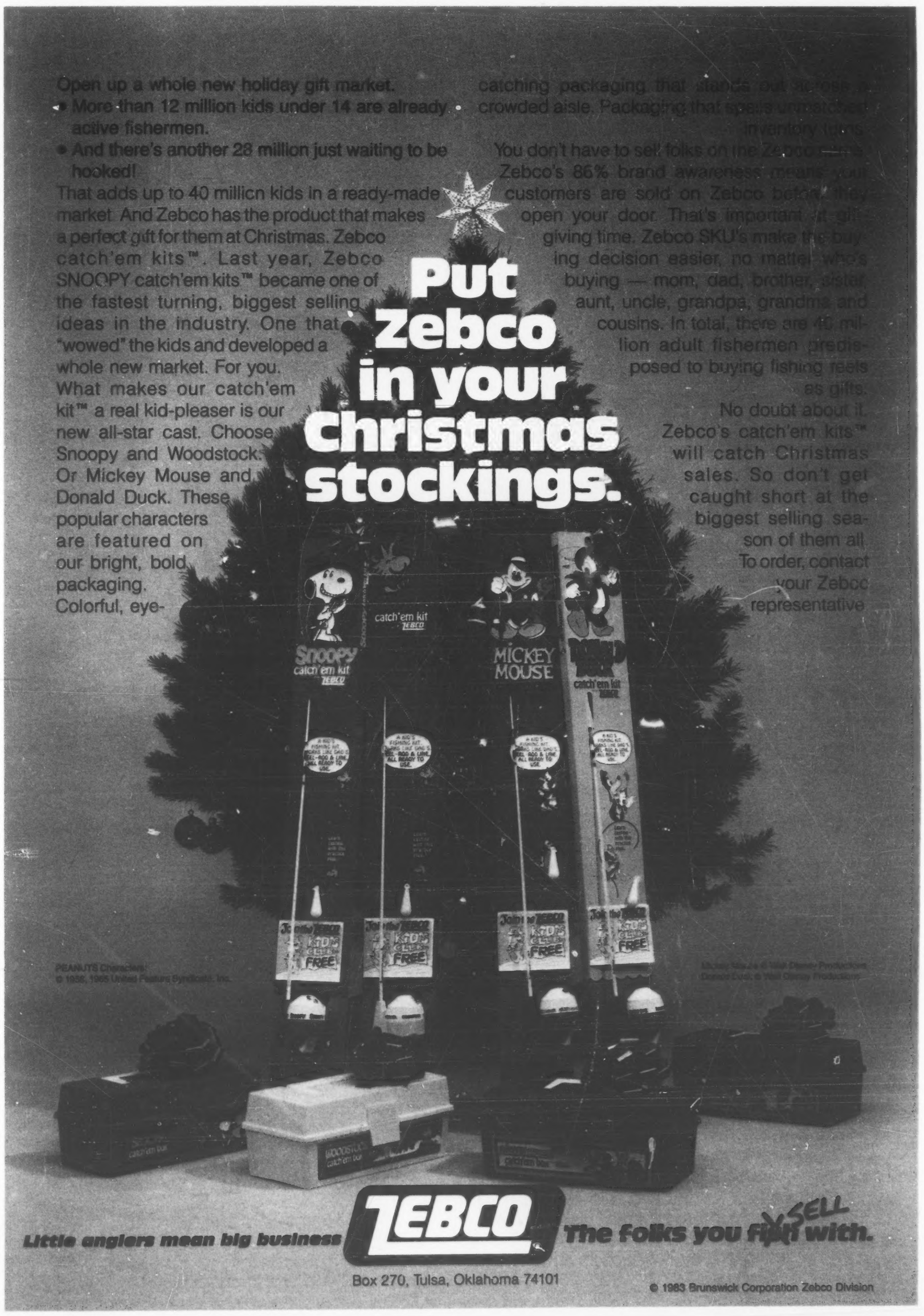
Despite some mixed sales results, many chains leaned on licensed ride-ons in year-end promotions. Child World's pre-Christmas circular featured a group of six licensed big-wheel-type ride-ons priced from $18.99 for the Chips Cycle; $19.99 for the Smurf Cycle and the Barbie Low Rider, and $23.99 for the Pac Man, Dukes and Strawberry Shortcake cycles.

Zayre used a sharper pencil in its promotion of the same Hedstrom Strawberry Shortcake Cycle, featuring it at $22.99, regularly $29.99.

One ride-on area several buyers reported as slow moving was steel-framed, battery-operated merchandise. Magic Mart's buyer Gary Jackson said the chain carried three sku's in battery-operated models, priced around $70, and wasn't successful with them.

Hiteshew, of Biggs-Hardex, had a similar report.

"We did virtually nothing in battery-operated models because the price, in the $70's, is too high in today's economy. We're backing off of that category for spring because we believe the consumers' dollars being spent for video games are eating into that market."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Trucks

(Continued from page 57)

were "decent" in 1982, but he didn't attribute the success to rebate programs.

"Consumers today are looking for quality and value," stated Katz, "and steel trucks project just that."

Similarly, at the Farmingdale, N.Y.-based discount toy chain, diecast trucks "weren't dead at all." He said, "We are selling more of them now than ever before. The problem is that there are just too many people in the business."

"There are too many sku's," echoed Heck's buyer Robert Kuhns. "Buyers don't know which way to go." He noted a slight sales dip in 1982, but remarked, "Kids are still collecting them."

For 1983, the 122-unit chain may move its diecast line-up from a separate peg area to a peg section right next to its big steel trucks.

In the larger steel truck category, Kuhns also reported increased traffic due to manufacturer rebates. However, he said while these programs offered good value to the customers, they bring in "no profit to the retailer."

Zayre, for example, ran a pre-Christmas Tonka advertisement featuring five truck and jeep models. Mail-in rebates ran as high as $5. On a truck regularly priced there at $24.99, the final cost to the Zayre shopper was as low as $12.96.

Meantime, at Heck's 24-ft. steel truck department, price points range from $3 to $12. "Anything that gets higher than that we have to take a long look at," said Kuhns. "After all, toys aren't a necessity of life. They are a luxury, and today many people have had to eliminate the luxuries."

Drawback Noted

Sales in the category at Grand Central, the Salt Lake City-based discounter, were very slow in steel trucks with a lot of carryover in all four of the chain's lines—Tonka, Nylint, Ertl and BuddyL, according to buyer Charles Millington.

For 1983, in fact, he plans to trim sku's in the category 30% to 40%.

Millington had expanded the chain's commitment in 1982, "and that was a mistake," he admitted. Products over $10 "are a problem to sell." For 1983, he will concentrate on trucks in the midrange—$10 and under.

In diecast toys and trucks, Grand Central will undergo even more drastic inventory reductions.

"Kids aren't buying them," observed the buyer, looking at an 80% sku-cut for 1983. "The business just isn't there. Sales peaked in 1981, but no one thought it would end this fast."

A major midwestern chain reported similar results.

"Diecast is dead," exclaimed a company spokesman. "Sales have almost stopped altogether," he said, noting plans not to buy again until he reduces his current "huge inventory."

"When we do reorder, we are going to cut way back," he added."

On the other hand, steel truck sales there were "phenomenal." The chain's large Tonka assortment—including 24 sku's—"sold very well," he reported. The action was in the $15 big trucks, with price points ranging from $2.99 to $24.99.

SPORTING GOODS

Names Make News

To tap consumers' preference for name brands in camping gear, Zayre set display models of Coleman lanterns and camp stoves out on an endcap display to draw customers into the section. *(DSN photo)*

Discounters' Sales/Ft. Rise, Turns Drop

	1972	1975	1976	1977	1978	1979	1980	1981	1982	10-year change	5-year change	'82 vs. '81
Dept. Size (sq. ft.)	2,500	2,500	2,500	2,600	2,650	2,550	2,500	2,500	2,500	NC	− 3.8%	NC
Annual Turns	2.7	3.0	4.5	4.3	3.5	3.5	3.1	2.9	2.5	− 7.4%	−41.9%	−13.8%
Volume per sq. ft.	$70.00	$72.00	$122.58	$118.34	$120.32	$124.13	$129.00	$132.00	$149.00	+112.9%	+25.9%	+12.9%
Initial Markup	34	34	34	34	34	35	35	36	37	+ 8.8%	+ 8.8%	+ 2.8%
Gross Markup	27	27	26	29	26	27	28	30	31	+ 14.8%	+ 6.9%	+ 3.3%
Company Run (%)	81	91	96	96	96	96	96	96	NA	NA	NA	NA

NC—No Change. NA—Not Available. *Source: DSN research*

Magnetic Reels Gain

(Continued from page 79)

"After Father's Day I won't reorder anything in fishing," said Edding, who is going into the season with some carryover stock from last year.

Graphite rods priced at $70 to $80 will be dropped from the section, with the emphasis on combination rod/reel kits in the $20 to $30 range, according to Edding. He will continue to stock six trolling rods within the price range.

At Yellow Front stores in Phoenix, magnetic reels priced from $79 to $89 are on board for spring. Sku count in rods and reels has been whittled by about 15 over the last few years, said buyer Gary Lawson. On combination kits he is holding prices under $29.

A magnetically driven reel priced at $65 is being stocked at Heck's this spring. Buyer Rex Workman believes enough consumers are now familiar with the Mag Force concept to warrant carrying the higher price points, despite last year's shift to lower-ticket combination kits.

At Magic Mart, buyer Robert Schnebelen hopes to boost fishing sales by revamping his presentation and adding a few hot sellers. He picked up two sku's of magnetically driven reels from Shimano, priced at $45 and $79, plus some high-quality graphite rods.

He also is aiming for a new market: kids. He will continue stocking a Junior Field Tester combo rod/reel kit for kids. The kits were tested at Christmas with strong sales results. This spring he will complement the combo kit, tagged at $12.88, with a 200-piece tackle box, also for kids, priced at $11.88.

Boating supplies, with margins averaging 45%, also comprise an area where growth is expected at the Arkansas-based chain.

This spring Schnebelen will feature an 8-ft. section of marine supplies. The star of the new presentation will be portable boat seats, hot items last year.

Extra! Extra!

Exercise equipment with extras will be appearing at more chains this year. Gold Circle, Buffalo, calls special attention to the added features of the weight-bench assortment, priced up to $70. *(DSN photo)*

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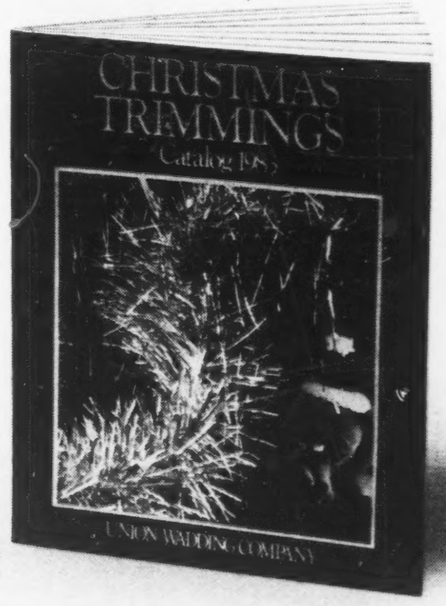

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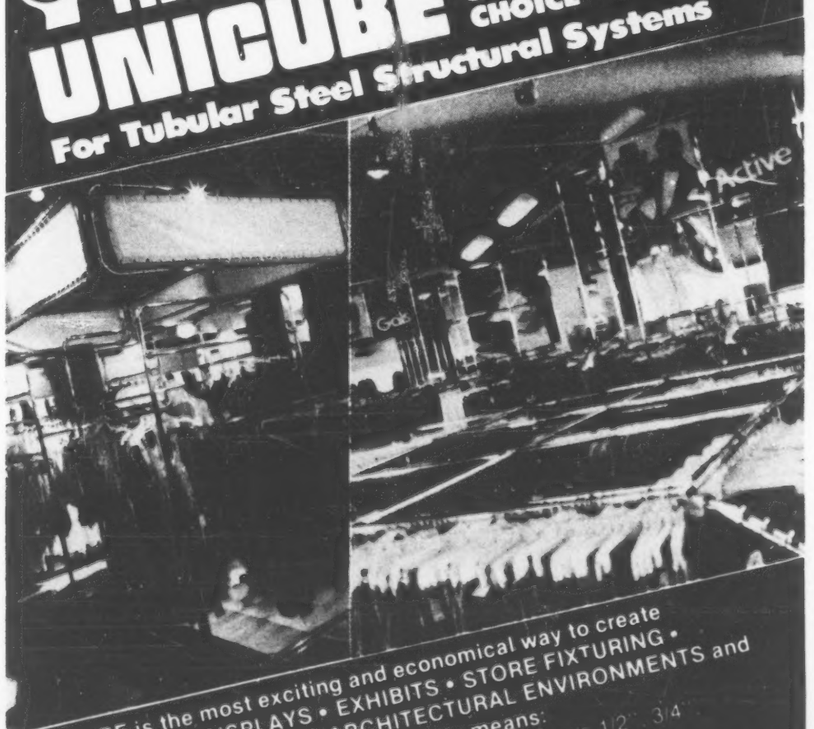

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Discounters Pack CES Booths, Lured by Hot New Items

(Continued from page 3)

Rose's, ShopKo, Danners and Nichols reportedly were looking to get into or expand chainwide personal computers and/or software programs. Representatives of two variety store chains, Macks and Walker Stores, were also reportedly considering hardware programs for their chains, further underscoring the far-reaching appeal and implication of the category.

Hills vice president Peter Hayes reported that moves to split the consumer electronics department into separate areas have already begun at his chain.

Setup Is Refined

"Before, we had one person buying electronics and computers; now we have two. One buys audio and the other buys computers and video games," Hayes said.

Within the coming weeks the chain will be finalizing its plans for 1983, which will result in dramatic changes in the department, including more service.

"We are in the process of bringing vendors back to the office for line reviews," Hayes continued. "We are giving a lot of consideration to doing something very comprehensive in the category this year."

The chain currently stocks the Timex Sinclair 1000, the Texas Instruments 99-4A chainwide and the Atari 400 in selected stores.

"We don't see us in anything priced over $500," Hayes said. He added he wouldn't be surprised to see wholesale prices driven down by midyear, "but we automatically look at merchandise in terms of good, better, best stocking."

In game software—"We will only carry software that's compatible with the hardware we'll carry"—the chain will use jobbers to keep stock titles in line.

Telephones, to date, have been a category "we were in but not successful with."

Hayes said they will treat telephones almost as a fashion category this time around. "We'll be there with name brands—G.E. looks good to us right now—and we'll be in the business every day."

Two computer tests are currently under way at Jamesway. Ten stores carry the Atari 400, Commodore Vic-20 and the Timex Sinclair 1000. The Texas Instruments 99-4A, tagged at $299, is being tested in another five stores.

"All four models sold equally well during Christmas," buyer John Zurlo reported, even though he couldn't get enough of the T.I. units.

Still, Zurlo was looking for new items for the New Jersey-based chain.

"We'll be getting into third-party software," the buyer said. "We can make a gross of 30%-35% on it."

Zurlo also anticipates the chain will eventually carry accessories: cassette recorders—which were part of the 10-store test—will have greater store level penetration, and printers, too, may be coming. "Right now we're not in the cable and wire business, but I think replacement parts will be a big business in the near future."

Murphy's Mart buyer Frank Remaley was also shopping for home computers.

"We carry the T.I. 99-4A, Atari 400 and the Timex Sinclair 1000," Remaley reported. "In 1983, we hope to carry three numbers in the A- and B-size Marts and two numbers in the C and D stores.

Further Attempts

"We are also looking for a rack jobber to put a video cartridge program together for us. That will probably include the 50 top Atari, Commodore and T.I. titles, and we'll build on that."

Of the new clock/radio and phone combos, the chain will stock two: a promo and one step-up unit.

The chain's phone assortment will take shape around a top branded model, with an off-brand, promo/import; a clock/radio phone combo, and a cordless model fleshing out the department.

One of the biggest problems will be "finding space in the electronics department for the new goods," according to Remaley.

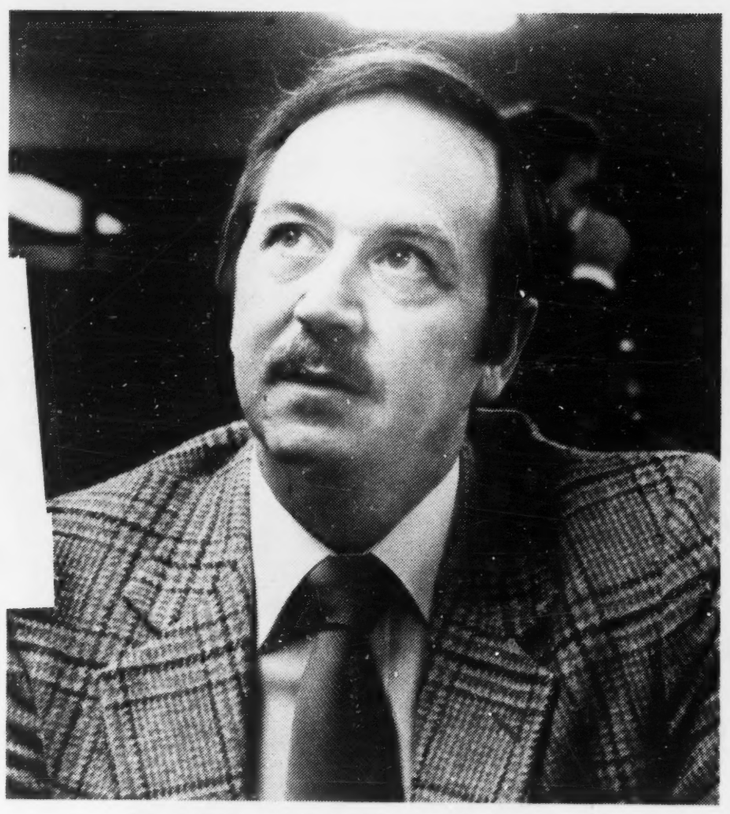
In some categories we may create separate open-to-buys, he added, but in other cases we'll cut sku's to make room for the new items.

James Moorehead, Murphy's Mart

Gordon Damron of Fred Meyer

Hal Pettitt, T.G. & Y.

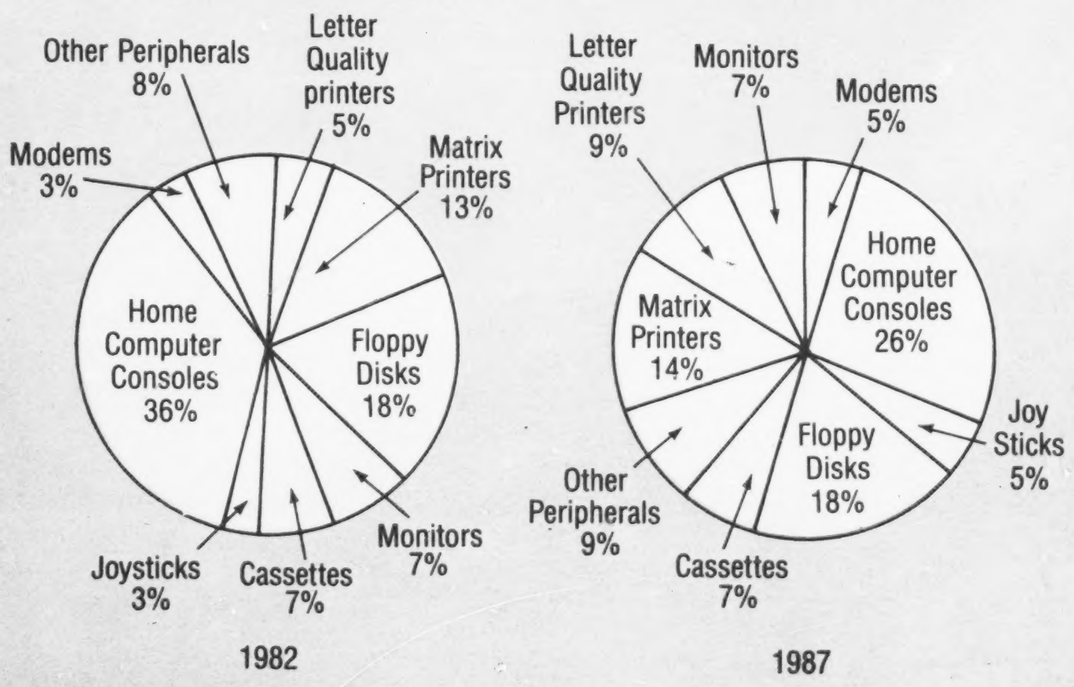
Tom Holbrook, Meijer's



Frank Remaley, Murphy's Mart

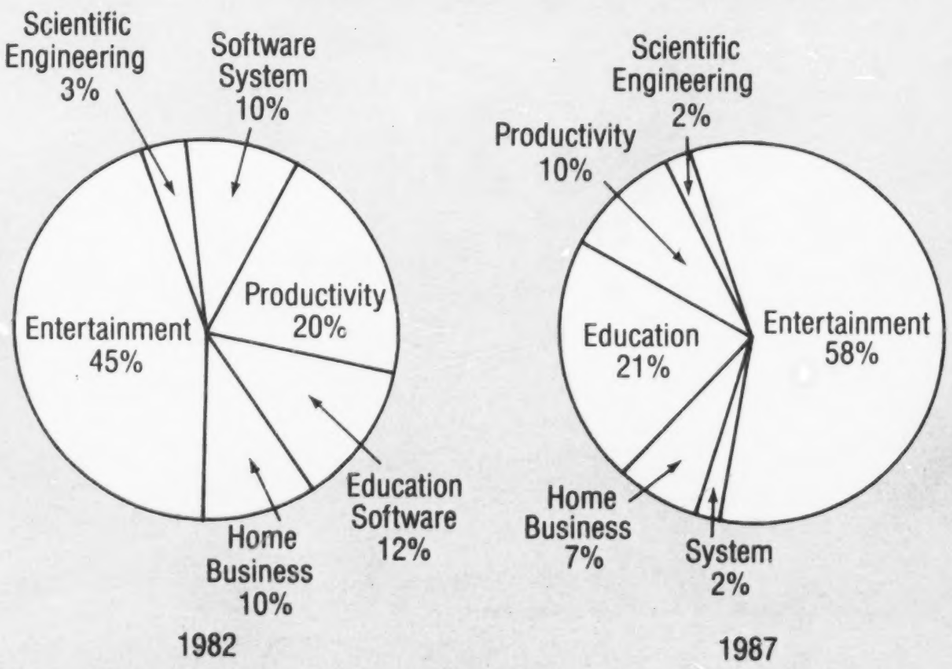
Home-Computer Hardware, Software Growth Projected

Home Computer Hardware Segments



Source: Future Computing, Richardson, Tex.

Home Computer Software Segments



Source: Future Computing, Richardson, Tex.

Anderson Leaves Woolworth; Succeeded as Prez by Sells

NEW YORK—F. W. Woolworth president Richard L. Anderson, who was passed over to head up the diversified retailer, has resigned.

Anderson, who was also a director and chief operating officer of Woolworth, has joined Melville Corp., where he will share the post of coo and be a member of the office of chairman.

At Woolworth, Harold E. Sells, senior vice president/international and property development, was named to succeed Anderson.

At Melville, Anderson will be responsible for the specialty apparel and toy divisions, composed of Chess King, Foxmoor, Wilson's House of Suede and Kay-Bee.

Anderson's joining Melville triggered an expansion of the company's top management responsibilities.

The coo post and office of chairman were expanded and now include Robert C. Kuhn, president of Meldisco, which runs the shoe sections

Harold E. Sells

in K mart. (The discounter also partly owns Meldisco.)

Francis C. Rooney Jr. continues as Melville chairman and ceo.

When Woolworth's chairman and ceo Edward F. Gibbons died in November, John W. Lynn, a vice chairman and long-time company executive was named to the top job.

Anderson came to Woolworth through its Kinney Shoe division.

New FTC Commissioner

(Continued from page 1)

short of full strength, and Carter Administration holdovers at the agency have been able to checkmate Miller's policies in a series of RPM rulings.

Douglas, a longtime associate of Miller, is believed to share many of the FTC Chairman's conservative economic views and has been widely touted as the extra commission vote needed to implement antidiscounter RPM policies.

But, after Douglas was confirmed by the Senate, signals began to surface indicating that the new FTC Commissioner may bolt camp and join Miller's RPM opponents at the agency.

Vigorous price competition at the retail level "since the repeal of the fair trade laws has generated substantial benefit for consumers," Douglas emphasized in a written response to a series of Congressional questions, released after he was sworn in at the commission.

More specifically, the new FTC member said he still isn't willing to support Miller's position that RPM should no longer be considered an automatic, per se antitrust violation.

"Although I am aware that there may be some instances in which resale price maintenance may be innocuous, or even procompetitive, I wouldn't favor changing its per-se treatment without additional evidence such a change would benefit consumers," he said.

Moreover, when he was asked whether "manufacturers should have the right to eliminate 'free-riders' by prohibiting transshipments by retailers to discount stores," Douglas responded with at least a qualified "no."

A Closer Look

"It would depend on the circumstances surrounding and the motivations of that prohibition," he told Congress. "If the purpose was to simply enforce retail price maintenance, as opposed to maintaining legitimate dealership standards, the prohibition [against transshipping would] be anticompetitive."

Industry reaction to Douglas's somewhat qualified endorsement of the existing RPM-prohibiting legislation was mixed.

Although they described his statements as "a little nebulous," lobbyists at the National Mass Retailing Institute said, "We are sufficiently satisfied that Mr. Douglas feels that RPM should be considered a per se violation of the law."

In contrast, officials at the Washington-based Association of General Merchandise Chains were anything but satisfied with Douglas's RPM answers.

"Commissioner Douglas's statements are too noncommittal to give price competitive retailers much comfort," AGMC president Edward Borda told *Discount Store News*.

"Because this issue is so vitally important, we have contacted the new Commissioner to seek a firmer commitment to the law against resale price fixing."

FTC Chairman Miller also raised questions concerning the depth of Douglas's support for current RPM enforcement rules.

"George made those statements because he was a little annoyed by newspaper reports calling him a 'clone' of Jim Miller," the FTC Chairman told *DSN*. "I'm confident that Douglas will conclude that resale price maintenance should no longer be treated as a per se violation."

Licensed Characters Stimulate Toy Business

(Continued from page 1)

ries," he said. Customers don't feel the higher price points are justified, added Millington, pointing to an $8-$10 higher price tag on licensed race sets, for instance, than on regular name brand goods.

"Licenses are becoming bigger and bigger every year," stated Stuart Katz, president of Play World's parent company, Greenman, Farmingdale, N.Y. However, despite the boost to sales, he believes "it isn't good for the industry to depend so heavily on licenses because of the risks involved."

He pointed to the success of Smurfs in 1982. But, he said, no one knows how strong the trend will continue on into 1983, making it very difficult to plan a buying strategy.

"When a license goes bad—like Dukes did last year—the product is worth less than the same item without the license," he said, noting considerable markdowns on the Dukes goods he has carried over into the new year.

Therefore, Play World is approaching the year's two new bear-type licenses "prudently,"

Sales for most Strawberry Shortcake products, now in their fourth year, at Play World and at discount chains throughout the country were down from 1981 when they peaked, noted Katz.

Many accessory items didn't sell well nor did the small Strawberry Shortcake dolls. For 1983, the nine-unit chain of freestanding toy stores "won't really go into the line with both feet," he said, adding that if he were a discounter he would significantly cut back sku's.

At Heck's, Charleston, W. Va., buyer Robert Kuhns also reported Stawberry Shortcake sales had "died down" from the previous year, and he plans to cut back in 1983. Additionally, Smurfs became sluggish by year's end, and he will reduce sku's there too.

Kuhns said the key to a licensed character's success is "making sure it stays in front of the children."

He pegged the strength of Smurfs, Pac-Man and Strawberry Shortcake to Saturday morning cartoon shows and to ongoing movie releases.

In contrast, many people never saw the Broadway show *Annie* and the movie wasn't the big hit everyone anticipated.

One of the biggest licensing disappointments of the year was E.T.

In Agreement

Kuhns agreed with buyer Mike Sadler at New Castle, Pa.-based Fishers Big Wheel who said, "E.T. was about the biggest stiff the department ever saw." Consumers simply felt price points were too high.

The 68-unit Fishers priced its few sku's of 2-4-in. plastic figures from $2 to $4. At presstime, Sadler was selling off the carryover stock.

"The majority of licenses sell very well," he said. "E.T. was just one of those that didn't."

The 1982 Strawberry Shortcake doll entry, in fact, really spurred sales in that category. Every mass merchant polled by *Discount Store News* named Kenner's Baby Strawberry Shortcake as the No. 1 doll seller. Barbie ran neck and neck.

Buyer Randy Loyd at the 74-unit Baton Rouge, La.-based cataloger H. J. Wilson reported that while nonlicensed baby doll sales were off, Baby Strawberry Shortcake was a very hot item. The price points ranged from $15 to $23 on the licensed doll compared to $15 and under on their nonlicensed counterparts.

Plush sales at H. J. Wilson also thrived in 1982 "thanks largely to licensed goods," said Loyd. In fact, except for a few closeout deals, almost the entire volume in the category was in licensed goods.

"Mattel's Monnchichi [a plush monkey that sucks its thumb] sold like hotcakes," he said, pointing to a $9 price tag on the 8-in. animal vs. only $5 for a similar nonlicensed item. "Consumers can see the quality difference, and they're willing to pay for it."

In 1982, Loyd only carried two plush licensees, Sesame Street Muppets and Monnchichi. For the new year, he is expanding into Smurfs, Care Bears and new Hello Kitty items from Child Guidance.

Some toy classifications, on the other hand, are too price-sensitive to warrant the extra cost of the licensed name.

At Smitty's, the 20-unit Phoenix-based discount operation, buyer Gary Garfield said that when it comes to ride-ons, "People aren't willing to pay that extra $5 premium on a licensed model over a comparable nonlicensed bike.

"Once the licensing brings the price over $20, people don't want to buy it." He added he would "carry very few licensed ride-ons in 1983."

Old-liners: Kids' Wear Markup Shrinks

(Continued from page 2)

markets, they were undoubtedly going to be arriving soon.

"Private label has got to be the way to go," she said, "but the days of 'keystone plus,' even in PL goods isn't the answer. Business is too competitive today; we have to be realistic."

Green also described a successful promotion, "one not based on price," as a way to bring in traffic. She cited a coupon promotion with Miller & Rhoads and Chuckie Cheese Pizza Time Theaters, held during the back-to-school season.

With every $15 purchase at the store, customers received a coupon for a free pizza and five tokens at Chuckie Cheese. Chuckie Cheese, in turn, gave these customers a coupon for 15% off their next children's wear purchase at Miller & Rhoads.

"We gave out thousands of coupons, and this promotion was a big boost to sales. Our only expenses were for an ad, coupon printing and the fashion show we put on at Chuckie Cheese. We didn't contribute anything for the pizzas or the tokens."

Byrnes said a successful promotion for Cornell's was a sidewalk, flea-market-type sale. "We have a lot of discounters and flea markets in our markets. The flea markets are manned by salesmen who are selling us regular priced goods all week. We put last year's goods and some promos on the sidewalk, and it was a great sale. We got a $50 ticket from the city, but it was worth it."

Places Bets

As for what's hot for spring, Green of Miller & Rhoads said: "Ocean Pacific in boys and girls. We started with this line a year and a half ago in the Virginia Beach area; then it moved inland. This is going to be our peak season with this resource; I've made a very big commitment."

Green said with Ocean Pacific goods, the stores sold more boys' merchandise than girls'; more girls' 4 to 14 bottoms than tops.

Goodman said Youthland expected a big spring in boys' wear with Polo and active sportswear looks like those from Nike and Adidas.

In girls' wear Youthland looked to growing business with Health-Tex, Lee and Oshkosh plus some Florida resources.

Green added, "I expect a big spring with two O.P.s—Ocean Pacific and off-price."

All three operators acknowledged children's wear business was hurt by the economy in 1982. Byrnes said: "We really felt the crunch during the back-to-school season but things opened up for Christmas. Even then, people bought basics, not gifty merchandise."

The pattern was similar for Youthland which experienced "flat store-for-store sales" and expected the same tough going in 1983.

More People

(Continued from page 2)

ers, even as more than 50% of those polled reported living within easy traveling distance of three shopping centers.

Alfred Eisenpreis and Leo Bogart of the NAB had this advice for retailers: "Remember that while the consumer market is very big, it's also a very 'thin market' because few people are actually in it for any particular item at any time."

For example, "last week, Americans bought over $365 million worth of shoes, but during any one week, only 6 out of 100 adults buy shoes for themselves or their children," they noted. And: "Out of 100 men, only three bought shirts."

Thus, they urged retailers to:

- Communicate with male shoppers directly; they account for more business than they did 10 years ago. Men's wear now accounts for 6% of store traffic. (Women's generates 14%.)
- Aim store advertising at full market potential—not just at selected customers for particular items. In a "churning market" you can't afford to miss a customer.
- Advertise many items, often, in order to reach consumers as they enter their planning-to-buy period: 84% of all newspaper readers will look at your ad.
- Orient yourself to those shoppers who come by car—95% of the national total.

Impulse Buying

Category	Unplanned Purchases*
Women's Wear	86%
Men's Wear	82
Major Appliances	88
Games, Toys	86
Hardware, Tools	89
Sporting Goods	85
Records, Tapes	88
Household Supplies	95
Automotive Supplies	83

*Purchases made in the second of two weeks under study that weren't reported as being planned in the first week.

Source: Newspaper Advertising Bureau.

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"We have a tremendous opportunity in New Orleans because of our increased market penetration."—Jerome Barrer, president, Gaylords.

"One of our key goals is to do more regular business and less ad business."—Joseph Nusim, exec vice president, Gaylords.

'New' Gaylords Has A Southern Accent

SECAUCUS, N.J.—Gaylords is being recast into a Southern regional discounter.

The move reflects competitive changes in the company's markets, the acquisition of five-ex-Barkers in New Orleans, and Joseph Nusim joining Gaylords as executive vice president.

"With his background, Joe is bringing the company the best knowledge of leading regional chains," president Jerome Barrer said. Thus, the revamping now under way will combine the chain's current programs with methods used by a number of other regional discounters.

Nusim was executive vice president of Jamesway, a $346 million regional discounter with 68 stores in the mid-Atlantic States, before he joined Gaylords last month.

Gaylords is a $128 million company with 22 discount stores and six Towers catalog showrooms.

Among the changes under way are an evaluation of vendors and a move to emphasize departments that have been targeted as key growth areas: ladies' apparel, men's wear, housewares, health and beauty aids and sporting goods, Nusim said.

The vendor review will identify key suppliers that have helped generate the most sales and who have the merchandise mix and distribution setup, including warehousing, that fits in with the chain's regional focus.

The evaluation, which covers distributors, jobbers and apparel resources, should enable us to do more business with our best producers, Barrer added.

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Wal-Mart, K mart, Target Gobble Up Woolco Sites

Nationwide DSN Report

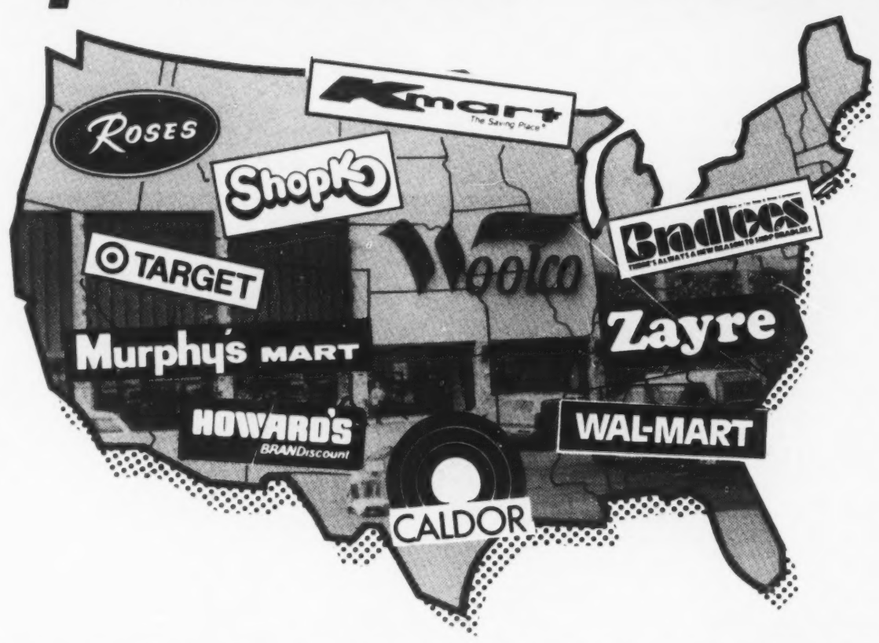
Barely giving the lights time to cool, Wal-Mart, K mart and Target have aggressively made deals to take over dozens of the more than 330 closed Woolco stores.

Sources both inside and outside the discount industry repeatedly identified those three chains as the most eager to obtain Woolco sites. However, numerous other chains have completed deals or are currently negotiating for many other Woolcos.

Caldor will take over four stores on Long Island. Rose's has signed for eight locations and may take as many as four more. Howard Bros. is negotiating for up to 15 sites. G. C. Murphy has signed one lease and is considering several more. ShopKo, Bradlees and Zayre are said to have selected several Woolcos.

According to one source with intimate knowledge of the negotiations, Wal-Mart has taken more than two dozen Woolcos, concentrating on rural and small-town markets in Louisiana. He and a Woolworth spokesman added that K mart has grabbed several other Louisiana stores. Both chains are said to have avoided New Orleans, where the stores reportedly are being split up by the landlords for lease to other, nondiscount retailers.

While neither Wal-Mart nor Woolworth officials would comment, sources with direct knowledge of the situation said the Arkansas-based discounter has acquired at least 25 Woolcos, thought to be the largest bloc likely to go to a single chain. In addition to Louisiana,



Discount chains across the country have begun carving up the defunct Woolco empire. Wal-Mart, K mart and Target are reported to be among the most aggressive chains in acquiring some of the more than 330 Woolco sites available.

sites in Georgia, Alabama, Florida, Texas, Kansas, Missouri and Arkansas will go to Wal-Mart.

According to Joseph Carroll, Woolworth's vice president for public affairs, none of the deals completed thus far have been made directly with the retailer. "We haven't made any deals to date," he said. "We'll begin to

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Catalog Execs Will Lobby Vs. Rebirth of Fair Trade

CHICAGO—Catalogers plan to invade Washington sometime this spring in the battle against the Reagan Administration's attempt to resurrect fair trade.

They plan to lobby Congress, with showroom executives meeting representatives and senators.

The National Association of Catalog/Showroom Merchandisers is attempting to coordinate the planned lobbying with the National Mass Retailing Institute and the Association of General Merchandise Chains, both of which have indicated strong interest in a combined effort.

The NACSM's annual meeting here heard association general counsel Richard B. Kelly declare that until the current Administration took office, "most people thought fair trade was dead."

The NMRI has joined an ad hoc committee to convince Congress that resale price maintenance is unwise. See p. 6.

The Administration has started to resurrect fair trade through rulings and decisions by the Federal Trade Commission and the Justice Department. Their actions back manufacturers' attempts to restrict distribution of their merchandise and support retail price maintenance (RPM) schemes.

While lax enforcement of antitrust laws is a prime concern, Kelly noted that Administration practices, decisions and proposals "could prevent discounters and catalogers from obtaining merchandise." The issue comes down to the ques-

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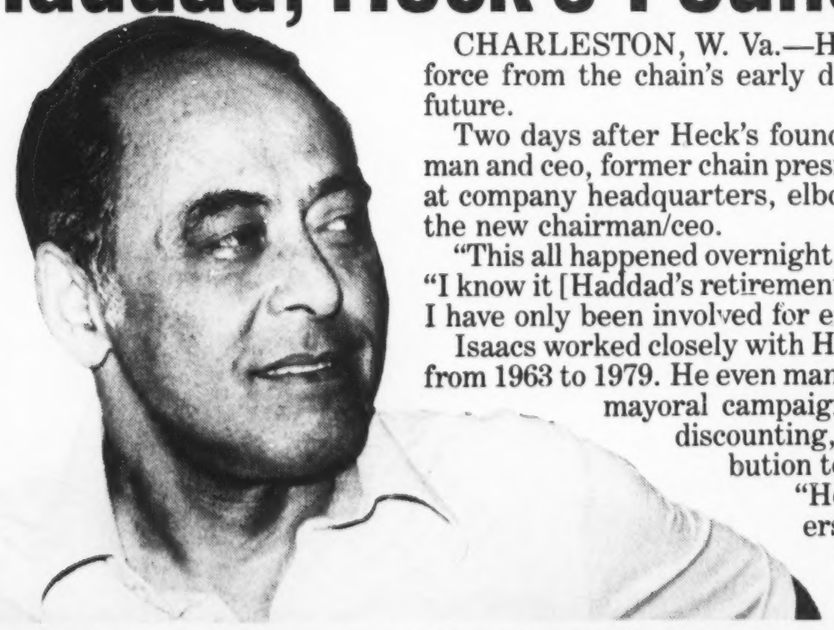
Isaacs Returns to Take Helm

Haddad, Heck's Founder, Retires



Fred Haddad (above) retires as chairman/ceo of the Heck's chain he founded 24 years ago. Heck's ex-president Russell Isaacs has been called back to take over in Haddad's place.

CHARLESTON, W. Va.—Heck's board of directors called on a force from the chain's early days to lead the company into the future.

Two days after Heck's founder Fred Haddad retired as chairman and ceo, former chain president Russell Isaacs could be found at company headquarters, elbow deep in the work he took on as the new chairman/ceo.

"This all happened overnight," explained a high-spirited Isaacs. "I know it [Haddad's retirement] had been cooking for a while, but I have only been involved for eight days."

Isaacs worked closely with Haddad at Heck's for a 17-year stint, from 1963 to 1979. He even managed Haddad's "highly successful" mayoral campaign in Charleston back in 1967. In discounting, Isaacs describes Haddad's contribution to the industry as "immeasurable."

"He was one of the original discounters. I remember back when we first started expanding—faster than we had the resources to. He thought of buying antifreeze, getting dating and selling all of it to pay our other bills. We did

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Digest

Feb. 21, 1983

AUTOMOTIVE

- **Discounters' automotive** business should continue at a good clip according to DSN's special Spring Car Care Buy-In section. (pp. 19-37)

SPECIALTY DISCOUNTERS

- **U.S. Shoe plans to open 22** freestanding home textile stores this year. (p. 39)

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